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IN THE

Supreme Court of the United States

October Term, 1971
No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN and DONALD KOVEN,
Petitioners,

vs.

THE STATE OF CALIFORNIA,
Respondent.

On Writ of Certiorari to the Appellate Department, Superior Court of California, County of Los Angeles.

BRIEF OF RESPONDENT.

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DONALD GOLDSTEIN, RUTH KOVEN and DONALD KOVEN,
Petitioners,

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THE STATE OF CALIFORNIA,
Respondent.

On Writ of Certiorari to the Appellate Department, Superior Court of California, County of Los Angeles.

BRIEF OF RESPONDENT.

Questions Presented.

The only question before this Court is whether the State of California has the power to proscribe and criminally punish the piracy of sound recordings which were fixed prior to February 15, 1972 and which are therefore not eligible for federal copyright.[1]

The ten counts of unauthorized duplication of recordings for which petitioners were convicted[2] occurred

[1]Pub. L. No. 92-140, 85 Stat. 391 (1971) makes federal copyright protection available for sound recordings, "fixed, published and copyrighted" on or after February 15, 1972. See the definition of "fixed" in amended Regulations of the Copyright Office 37 C.F.R. §202.15a(b) published in 37 Fed. Reg. 3055 (Feb. 11, 1972).

[2]Appendix at 15-22, 27-28.

prior to the President's approval of Public Law No. 92-140 on October 15, 1972. Accordingly, the recordings petitioners duplicated are not subject to federal protection. Section 2 of the California statute which proscribes record piracy makes that statute fully severable. There is, therefore, no question or issue in this case of concurrent or overlapping state and federal protection of sound recordings, or of concurrent state and federal criminal penalties for the same act of duplication.

Statutes Involved.

This case involves the following statutes of the United States and the State of California:

1. Section 2 of the Copyright Act, 17 U.S.C. §2 (1970) which is set out verbatim as Exhibit "1" to this brief;

2. Cal. Stats. 1968 Ch. 585, Sections 1 and 2, which add Section 653h to the California Penal Code and provide for the complete severability of that section, which is set out verbatim as Exhibit "2" to this brief; and

3. Pub. L. No. 92-140, 85 Stat. 391 (1971), which is set out verbatim as Exhibit "3" to this brief.

Nine other states—Arizona, Arkansas, Florida, Louisiana, New York, Pennsylvania, Tennessee, Texas and Virginia—have enacted statutes which proscribe record piracy.[3]

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[3]Ariz. Rev Stat. Ann. §13-1024 (1971); Ark. Stat. Ann. §41-4617 (1971); Fla. Stat. Ann. §543.041 (1971); La. Rev. Stat. Ann. 14:—(Act 350, July 13, 1972); N.Y. Gen. Bus. Law §561 (McKinney 1968); Pa. Stat. tit. 18, §4878.1 (1971); Tenn. Code Ann. §§39-4244 to 39-4250 (1971); Tex. Pen. Code Ann. art. 1137r (1971); Va. Code Ann. §§59.1-41.1 to 59.1-41.6 (1972).

Statement of the Case.

Petitioners are commercial tape pirates.[4] Petitioners' "business" is the commercial manufacture and sale of prerecorded magnetic tapes ("tapes") which petitioners have electronically duplicated from phonograph records and tapes which were produced, manufactured and sold by legitimate record companies.

Petitioners were charged in a verified complaint filed in the Municipal Court of the Los Angeles Judicial District on March 22, 1971, with having committed, on March 3, 1971, violations of Section 653h of the Penal Code of the State of California (set out in Exhibit "2" to this brief), a misdemeanor. (Appendix at 1.)

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[4]Piracy long ago became the common term to describe the conduct for which petitioners were convicted. See: *Aeolian Co. v. Royal Music Roll Co.*, 196 F. 926 (W.D.N.Y. 1912); *Shapiro, Bernstein & Co. v. Remington Records, Inc.*, 265 F.2d 263, 269, 273 (2d Cir. 1959); *Tape Industries Ass'n. of America v. Younger*, 316 F.Supp. 340, 351 (C.D. Cal. 1970), *appeal dism'd.*, 401 U.S. 902 (1971), *appeal pending*, Ct. App. 9th Cir., No. 26,628; *Capitol Records, Inc. v. Erickson*, 2 Cal.App.3d 526, 528 n. 2, 82 Cal. Rptr. 798, 799 n. 2 (1969), *cert. denied*, 398 U.S. 960 (1970); *Capitol Records, Inc. v. Spies*, 130 Ill.App. 429, 264 N.E.2d 874, 877 (1970); *Liberty/UA, Inc. v. Eastern Tape Corp.*, 11 N.C.App. 20, 180 S.E.2d 414, 416-18, *appeal dism'd.*, 278 N.C. 702, 181 S.E.2d 600 (1971); see Note, *Piracy on Records*, 5 Stan.L.Rev. 433 (1953). "Tape Piracy" refers to the unlawful duplication of recorded performances from phonograph records onto magnetic tapes. "Record Piracy" refers to the unauthorized duplication of such recorded performances onto phonograph records. The seriousness and magnitude of the depredations of the tape and record pirates and the disastrous economic effect which they are having on all segments of the legitimate music and recording industries have been the subject of much recent comment in the public press. See, e.g., Los Angeles Times, July 20, 1971, Part II, at 1, col. 3; "Marketing: Revolutionary War", *Time*, June 28, 1971, at 72; "The $100-million market in bootleg tapes", *Business Week*, May 15, 1971, at 132-38; Los Angeles Times, February 28, 1970, at 1, col. 1; Livingstone, "Piracy in the Record Industry", *Stereo Review*, February 1970, at 60; and Weber, "Piracy on High C's", *California Business*, March 3, 1970, at 3.

On March 29, 1971, petitioners were duly arraigned, entered a plea of not guilty and requested a jury trial. On June 28, 1971, petitioners withdrew their plea of not guilty and entered pleas of nolo contendere to ten counts of the 140 count complaint charging violations of Section 653h of the California Penal Code. Petitioners were convicted upon the plea and the remaining 130 counts of the complaint were dismissed on the People's motion.

As to Count 1, petitioner Donald Koven was sentenced to six months in the County Jail, petitioner Ruth Koven was sentenced to 90 days in the County Jail, and petitioner Donald Goldstein was sentenced to 60 days in the County Jail. Sentence was suspended and petitioners were given summary probation for three years. Petitioners Donald and Ruth Kovan, under the terms of the probation, were fined $500 each, and Donald Goldstein was fined $100. Sentence on Counts 2 through 10, inclusive, was a $500 fine or 100 days in the County Jail, but sentence was suspended. The other terms of the probation were that petitioners refrain from duplicating or entering into any relationship that engages in the activity of duplicating sound recordings without the consent of the owner of the original master recording. (Appendix at 2-11.)

The Appellate Department of the Superior Court for Los Angeles County affirmed the judgment and certified the case to the Court of Appeal of the State of California, Second Appellate District. (Appendix at 14.) On December 17, 1971, the Court of Appeal filed an order denying the transfer of the case to that court. (Appendix at 15.) From that decision petitioners have come to this Court on a petition for writ of certiorari. This Court granted said petition on May 30, 1972.

The Appendix[5] contains a brief description of petitioners' method of duplicating records and tapes manufactured by legitimate record companies. A photograph of four of the pirate tape cartridges manufactured by petitioners is annexed as Exhibit "4" to this brief. A much more detailed description of petitioners' duplicating methods and an explanation of the costs of producing records which the legitimate industry incurs, and which petitioners and other tape and record pirates avoid, is contained in the Record on Appeal in *Tape Industries Association of America v. Younger,* 316 F. Supp. 340 (C.D. Cal. 1970), *appeal dism'd.,* 401 U.S. 902 (1971), *appeal pending,* Ct. App. 9th Cir., No. 26,628 (hereinafter referred to as *"TIAA v. Younger"*). Petitioners concede that petitioner Koven is one of the plaintiffs in *TIAA v. Younger.*[6] Additional evidence of the substantial financial losses which recording artists, musicians, union pension and trust funds and legitimate record companies, wholesalers and retailers suffer as a result of record and tape piracy, as well as evidence of the intangible harm which performers suffer as a result of the poor quality of pirated tapes, was presented to the District Court for the District of Utah by uncontradiced affidavits in *Tape Head Co. v. RCA Corp.,* 452 F.2d 816 (10th Cir. 1971).[7]

In order that this Court may be aware of the manner in which petitioners and other tape and record pirates

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[5]Statements of Miss Josephine Joy Friedland and Miss Celeste Lorraine Aviles at 41-44.

[6]Brief of Petitioners at 4 n. 3.

[7]In that opinion the court of appeals stayed pending appeal a preliminary injunction which the district court had issued at the behest of certain record pirates, purportedly acting on behalf of all pirates as a class, restraining several record companies from suing

(This footnote is continued on next page)

operate, of the substantial economic advantage which they enjoy because of the production costs and royalties which they avoid paying, and of the widespread and substantial injury which piracy is causing all segments of the legitimate record and music industry, respondent is filing, as a separately bound supplement to this brief, portions of the Records on Appeal in *TIAA v. Younger*[8] and in *Tape Head Co. v. RCA Corp.*[9]

Summary of Argument.

Petitioners are asking this Court to obliterate three-quarters of a century of consensus among courts, legislators and practitioners that recordings fixed prior to February 15, 1972 are protectible by state law against unauthorized duplication and to decree the forfeiture of a great body of artistic property. The victims of this forfeiture will not only be the record companies whose invested capital created and popularized the recordings, but will include the great symphony orchestras and operas of the world, the great classical artists who have worked lifetimes to perfect the artistry

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record and tape pirates in state courts. A few days after the court of appeals stayed the injunction, the injunction was vacated by the district court on motion of plaintiffs. After the appeal had been docketed and briefed but prior to argument, the action was dismissed in the district court and the court of appeals.

[8]Part of the Joint Pre-Trial Conference Statement, a stipulation of facts, an affidavit of the controller of a record company, and the testimony of the controller of another record company.

[9]Affidavits of Walter L. Dean, Executive Vice President of CBS Records, Rocco M. Laginestra, President of RCA Records, Paul M. Wolsk, an attorney for Ampex Corp., Sanford I. Wolff, National Executive Secretary of the American Federation of Television and Radio Artists (AFL-CIO), Henry Kaiser, General Counsel of the American Federation of Musicians, Kenneth E. Raine, Trustee for the Music Performance Trust Funds, Paul Simon, a leading recording artist and Jack Grossman, President of the National Association of Record Merchandisers.

embodied in their recordings, the popular recording stars whose professional careers are typically all too short, and the working musicians who are the beneficiaries of union pension and trust funds, all of whom have contractual rights to receive payments from the sale of records and tapes by the record companies, but receive nothing from the sale of records and tapes by petitioners and other pirates. The beneficiaries of this forfeiture will not be the public or any of the composers, performers, musicians or technicians whose skill has made the recordings possible, but only a parasitic group of record pirates who create nothing, who add nothing to the store of human culture and knowledge, and who live off the artistry, work and invested capital of others.

Section 653h of the California Penal Code is a valid exercise of the state police power. Section 653h is a larceny statute enacted by California as a legitimate answer to a serious problem which advancing technology has posed to the state and its citizens.

Petitioners' arguments against the validity of Section 653h of the California Penal Code are based on the supposed conflict of that section with federal law. But petitioners have ignored the history which forms the consensus that state law has always protected recordings against unauthorized duplication. Petitioners have also ignored the fact that when Congress enacted Public Law No. 92-140 to provide federal protection for sound recordings fixed after February 15, 1972, in section 3 of that Act Congress expressly recognized state law rights in existing recordings and mandated that recordings fixed prior to February 15, 1972 remain protectible under state law against unauthorized duplication. The Congress has thereby obviated the need

for this Court to consider petitioners' arguments of federal-state conflict or federal pre-emption, and the effectuation of the congressional will expressed in Public Law No. 92-140 requires upholding the validity of Section 653h and affirming the judgment below.

There is no conflict between the California statute and the Constitution of the United States, any federal statute or any decision of this Court. Nor is there any issue in this case of concurrent or conflicting federal and state regulation.

Preservation of the power of the states to protect recordings fixed prior to February 15, 1972 against piracy will not promote monopoly. To the contrary, record piracy is fundamentally anti-competitive and contrary to all considerations of sound policy. There are no economic, social or legal policy reasons which support abrogation of the power of the states to protect against piracy of recordings fixed prior to the availability of federal protection.

ARGUMENT.

I.

Section 653h of the California Penal Code Is a Valid Exercise of the State Police Power.

The sovereignty of the state is most inherently reflected in the exercise of its police power. This power derives its existence from the rule that safety of the people is the supreme law, which justifies legislation upon matters pertaining to public welfare, public health or public morals. The police power of a state is a constantly changing power to meet changing conditions that confront a growing society.

The power to enact legislation is vested in the Legislature of the State of California, Cal. Const., Article IV, §1, with the people reserving to themselves the power to propose laws and amendments to the Constitution and to adopt or reject the same at the polls independent of the Legislature.

In *Chicago B. & Q. Ry. v. Illinois,* 200 U.S. 561 (1905), this Court in defining the police power, stated:

> "We hold that the police power of a state embraces regulations designed to promote the public convenience or the general prosperity, as well as regulations designed to promote the public health, the public morals, or the public safety." 200 U.S. at 592.

In 1850 the California Legislature enacted its first Crimes and Punishments Act (Stats. 1850 Ch. 99, §§60 and 61), with sections for both grand and petit larceny. This Act was basically a restatement of the common law crimes.

California has attracted people for various reasons. Initially, they came to develop the land. Later they came in search of gold, and now California businesses are the focal point. California penal statutes reflect the interest of the state in protecting the property rights of those who are adding to the state's development and growth. In 1872 it was considered grand larceny for one to take a horse, pig, sheep or other animals that were closely associated with farming. (Cal. Penal Code §487 (West 1970)). When the mining of gold became an important industry in California a grand theft statute was enacted to proscribe the stealing and taking away "from any mining claim . . . another's gold dust, amalgam, or quicksilver . . . ." (Cal. Penal Code §487d (West 1970)). In 1939 California Penal Code §487 was amended to add 'avocados, citrus, or deciduous fruits, nuts and artichokes". This 1939 addition to the Penal Code reflected the state's interest in protecting the agrarian community from theft of its work product.

Throughout the history of California as new businesses developed and items became available on the open market, laws were enacted to protect both the consumer and the producer from acts of larceny. Throughout the California Penal Code there are sections which proscribe larceny of specific types of property: labor of another (§487), dogs (§§487f, 487g), passage tickets (§493), alteration or obstruction of a meter for the evasion of payment for gas (§498) or water (§499), obtaining electricity without passage through a meter (§499a), taking of an automobile, bicycle, motorcycle, or boat for temporary use (§499b), trade secrets (§499c), taking or operating an aircraft without consent of the owner (§499d), and obtaining telephone or telegraph service with intent

to defraud (§502.7). The crime of larceny is not only defined in the Penal Code but also in other California codes. The Insurance Code, for example, categorizes conversion of funds received by an insurance agent in the same classification as embezzlement. (Cal. Insurance Code §1733 (West 1972)). The foregoing is only a partial list of specific code sections that were enacted as the need for protection against larcenous acts arose.

The nature of the police power is not static but must accommodate itself to meet new evils as they arise and to correct wrongs arising from new activities by bringing the wrong within the immutable and unchanging principles underlying the power.

Between 1967 and 1969 California found it necessary, under its police powers, to enact legislation against the theft of credit cards (Cal. Penal Code §§484d-484i (West 1970)). Section 484i(b) of the California Penal Code specifically deals with a person "who with intent to defraud possesses, with knowledge of its character, machinery, plates or any other contrivance designed for, and made use of in, the reproduction of instruments purporting to be the credit cards . . ." Sections 484d-484i are an example of the state's responding to a kind of theft that did not exist ten years before enactment of those sections.

Just as other theft statutes were enacted throughout the development of California law to proscribe evils as they arose, Section 653h of the California Penal Code was enacted to proscribe the larcenous appropriation of "sounds recorded on a phonograph record, disc, wire, tape . . . with intent to sell . . . for profit . . . without the consent of the owner [of the master recording]."

California is a world center of the music and recording industries. The Los Angeles area alone is the home

of many musicians, composers and performers and headquarters for a number of record companies. The California Legislature enacted Section 653h in response to the substantial financial losses suffered by recording artists, musicians, union pension and trust funds, record companies, retailers and wholesalers who receive income based on the sale of phonograph records and prerecorded tapes manufactured by legitimate record companies, and the substantial intangible harm suffered by performers whose reputations have been damaged by the poor quality of pirate tapes. In addition, the state itself has lost substantial tax revenues as a result of the clandestine operations of most tape and record pirates.[10]

California has many legitimate reasons for proscribing record and tape piracy. California residents are unjustly losing vast sums of money as a result of piracy. In order for pirate tapes to be salable petitioners and other pirates must inform the public that the pirate tapes contain the exact original performance by the same artist embodied on the recordings from which those tapes have been pirated. The pirate tapes which petitioners and all other tape pirates make and sell are for this reason labeled with the name of the artist and the title given to the album by the legitimate record company.[11] By using the artist's name,

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[10]For an example of the clandestine nature of the operations of tape and record pirates, see *Duchess Music Corp. v. Stern*, 331 F.2d 127, 128 (D. Ariz. 1971), *rev'd.*, 458 F.2d 1305 (9th Cir. 1972), *petition for cert. filed sub nom. Rosner v. Duchess Music Corp.*, No. 71-1551. The record in that case shows that the pirate manufacturing operation had furtively moved form Los Angeles to Phoenix.

[11]Appendix at 41-42; *TIAA v. Younger, supra*, 316 F. Supp. 340, 342-43; *Capitol Records, Inc. v. Erickson*, 2 Cal. App. 3d 526, 537, 82 Cal.Rptr. 798, 805-06 (1969), *cert. denied*, 398 U.S. 960 (1970).

the titles of his performances and those performances on their pirate product, the pirate has placed the artist in competition with himself. (See Exhibit "4" hereto, photograph of pirate tape cartridges). Petitioners thereby damage legitimate state interests and violate California law in two additional respects: they unlawfully appropriate the title of the recorded performances, *Jackson v. Universal International Pictures, Inc.*, 36 Cal. 2d 116, 222 P.2d 433 (1950) and they unlawfully use the names of performers for commercial purposes in violation of the rights of the performers and of the record companies which have by contract acquired those rights in connection with the sale of phonograph records, *Fairfield v. American Photocopy Equipment Co.*, 138 Cal. App. 2d 82, 291 P.2d 194 (1955); see *Capitol Records, Inc. v. Erickson, supra*, 2 Cal. App. 3d at 538, 82 Cal. Rptr. at 806; *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866 (2d Cir.), *cert. denied*, 346 U.S. 816 (1953); *Ettore v. Philco Television Broadcasting Corp.*, 229 F.2d 481 (3d Cir.), *cert. denied*, 351 U.S. 926 (1956).

The California legislation is presumptively a valid exercise of the state police power. *Goldblatt v. Hempstead*, 369 U.S. 590, 596 (1962); *Florida Lime & Avocado Growers, Inc. v. Paul*, 373 U.S. 132 (1963).

In *Huron Portland Cement Co. v. Detroit*, 362 U.S. 440, 446 (1960) this Court stated that the "teaching of this Court's decisions . . . enjoin seeking out conflicts between state and federal regulation where none clearly exists." A clear manifestation of a conflict between the state and federal regulation is required. In *Schwartz v. Texas*, 344 U.S. 199, 203 (1952), this Court stated:

> " 'It should never be held that Congress intends to supersede or by its legislation suspend the ex-

ercise of the police powers of the States, even when it may do so, unless its purpose to effect that result is clearly manifested.' Reid v. Colorado, 187 U.S. 137, 148, 47 L. ed. 108, 114, 23 S.Ct. 92."

In *Florida Lime & Avocado Growers, Inc. v. Paul, supra,* this Court held:

"The test of whether both federal and state regulations may operate, or the state regulation must give way, is *whether both regulations can be enforced without impairing the federal superintendence of the field,* not whether they are aimed at similar or different objectives.

"The principle to be derived from our decisions is that federal regulation of a field of commerce should not be deemed preemptive of state regulatory power in the absence of persuasive reasons—either that the nature of the regulated subject matter permits no other conclusion, or that the Congress has unmistakably so ordained. See, e.g., *Huron Portland Cement Co. v. Detroit,* 362 U.S. 440 . . . ." 373 U.S. at 142 (Emphasis added).

Further, in *Colorado Anti-Discrimination Comm. v. Continental Air Lines, Inc.,* 372 U.S. 714 (1963), this Court, in ruling on the validity of a state statute under the Supremacy Clause, held:

". . . *that the mere 'fact of identity does not mean the automatic invalidity of state measures.'* [Quoting *California v. Zook,* 336 U.S. 725, 730 (1949).] To hold that a state statute . . . is invalid under the Supremacy Clause, we must be able to conclude that the purpose of the federal statute would to some extent be frustrated by the state statute. We can reach no such conclusion here." 372 U.S. at 722 (Emphasis added).

In *Goldblatt v. Hempstead*, 369 U.S. 590, 596 (1962), this Court stated that "the exercise of police power will be upheld if any state of facts either known or which could be reasonably assumed affords support for it . . . ."

It has long been settled that "[o]f course, an act may be criminal under the laws of both jurisdictions [the United States and a state]". *Westfall v. United States*, 274 U.S. 256, 258 (1927) (Congress could make it a federal crime to aid and abet an official of a state bank which belonged to the Federal Reserve System to misapply funds of the bank, even though the same acts were a crime under the laws of the state).

In *California v. Zook*, 336 U.S. 725 (1949), this Court upheld a California statute which prohibited the arrangement of transportation over the public highways of California if the transporting carrier had no permit from the Interstate Commerce Commission. The federal Motor Carrier Act had substantially the same provision. 336 U.S. at 726-27. This Court held that the fact that a state law may be identical to a federal statute does not "automatically" make the state law invalid. 336 U.S. at 732. In the course of its opinion this Court pointed to a host of situations in which the states may validly impose criminal sanctions on the same conduct which is federally regulated and which Congress has made a crime.

In *Bartkus v. Illinois*, 359 U.S. 121 (1959), this Court held that the state could prosecute and convict defendant under state law for the same bank robbery of which he had been acquitted in a federal prosecution for robbery of a federally insured savings and loan association.

In *Abbate v. United States*, 359 U.S. 187 (1959), this Court held that defendants, who had in Illinois conspired to dynamite facilities of an interstate telephone system in Mississippi, could be prosecuted for those acts both under the Illinois criminal conspiracy law and the federal act making it a crime to conspire to injure or destroy the property of an interstate telephone system. This Court said:

> "[N]o one would suggest that, in order to maintain the effectiveness of federal law enforcement, it is desirable completely to displace state power to prosecute crimes based on acts which might also violate federal law. This would bring about a marked change in the distribution of power to administer criminal justice, for the States under our federal system have the principal responsibility for defining and prosecuting crimes." 359 U.S. at 195.

Both *Bartkus* and *Abbate* relied on *United States v. Lanza*, 260 U.S. 377 (1922), in which this Court held that defendant could be prosecuted for the same acts of manufacturing and selling bootleg whiskey under the federal Volstead Act and under the Washington state prohibition law.

In *Roth v. United States*, 354 U.S. 476 (1957), this Court held that there was concurrent federal and state power to regulate obscenity in that Congress, under the postal power delegated to it by Article I, Section 8, Clause 7 of the Constitution, might properly make it a crime to use the mails for obscene material, and the state of California could punish the same conduct under state law even though defendant's conduct consisted of operating an interstate mail order business. 354 U.S. at 492-94.

In *Watson v. Buck*, 313 U.S. 387 (1941), this Court rejected arguments of federal preemption in the copyright field similar to those which petitioners make here, and held that the State of Florida could validly regulate the business of persons holding music copyrights and make it a crime for owners of such copyrights to combine together to fix prices or grant licenses.

The Florida statute involved in *Watson* was directed solely at "authors, composers, publishers and owners of copyrighted vocal or instrumental musical compositions who form any society . . . 'when one of the objects of such combination is the determination and fixation of license fees . . . .'" 313 U.S. at 404-05. ASCAP, the obvious target of the statute, argued that the Florida statute impaired its members' federally created rights because its members could preserve those rights better in combination than as individuals. 313 U.S. at 403-04. This Court held that the Florida statute was valid because there was nothing in the language or history of the copyright laws "to indicate any congressional purpose to deprive the states, either in whole or in part, of their long-recognized power to regulate combinations in restraint of trade." 313 U.S. at 404.

There were strong federal interests in protecting various constitutionally delegated powers of the federal government in each of the foregoing cases in which concurrent state and federal prosecution or regulation was allowed. *Westfall* and *Bartkus* involved protection of the federal monetary power; *Abbate* involved protection of facilities of interestate commerce; *Zook* involved the regulation of interstate commerce; *Roth* involved the postal power; and *Watson* involved the copyright power.

Here there is even greater reason to uphold the state statute than there was in the foregoing cases. In this case federal and state criminal proscription is *not* concurrent; to the contrary, petitioners were convicted for conduct which was not in violation of any federal statute and for the appropriation of recordings which are not subject to any federal protection. The necessity of and justification for state power is therefore greater than in the cases of concurrent federal and state power.

> "When all of the facts of the case here are considered, we are driven to the conclusion that Calif. P.C. §653h (1968) is a tolerable and permissible state regulation directed against theft and appropriation of a salable product, and does not unconstitutionally intrude on the Federal policies enunciated in the Copyright Clause, U.S. Const. art. I, §8, cl. 8, and in Federal Copyright legislation, 17 U.S.C. §§ 1-215. . . ."
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> ". . . . Undoubtedly, tape pirates are costing legitimate and authorized tape producers substantial amounts of money, and the State of California has properly and reasonably concluded that these parasitic tape pirates must be controlled. Regardless of whether Calif. P.C. §653h (1968) is deemed a larceny statute or an un[f]air competition law, it is clear that the California Legislature is not precluded by the Copyright Clause of the Constitution or the Federal Copyright laws from prohibiting the activities of tape pirates." *TIAA v. Younger*, 316 F. Supp. at 351.

II.

Recordings Have Always Been Protectible Against Unauthorized Duplication Under State Law, and Congress Has Expressly Confirmed and Saved State Protection for Recordings Which Were Fixed Prior to February 15, 1972.

The "raw material" for a sound recording is a musical composition—words and music. Musical compositions have always been eligible for federal copyright protection under the 1909 Copyright Act.[12] Until the enactment of Pub. L. No. 92-140, 85 Stat. 391 (1971), sound recordings and the performances they reproduce were not considered to be subject to federal copyright protection and were not accepted for registration by the Copyright Office.[13] The "processing" of a musical composition into a recorded performance embodied in a "master recording" from which records and tapes are made requires the coordinated efforts and talents of a large number of persons—music arrangers, music copyists, recording artists, instrumental and vocal accompanists, record producers, engineers and technicians—and the expenditure of substantial sums of money.[14]

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[12]17 U.S.C. §§1(e), 5(e) (1970).

[13]37 C.F.R. §202.8(b) (1972); *Capitol Records, Inc. v. Mercury Records Corp.*, 221 F.2d 657, 661-62 (2d Cir. 1955). After passage of Public Law No. 92-140, the regulations of the Copyright Office were amended to implement the changes effected by that statute, including providing for the registration of sound recordings and defining "fixed". 37 Fed. Reg. 3055 (Feb. 11, 1972).

[14]The persons whose services are necessary, the process of producing "masters", and the attendant costs are set out in great detail in the parts of the Record on Appeal in *TIAA v. Younger* printed in the Supplement to this brief. In that case the costs of producing the master recording of "The Association" album

(This footnote is continued on next page)

The recordings petitioners pirated were fixed prior to February 15, 1972 and are for that reason ineligible for federal protection. The California statute which added Section 653h to the California Penal Code contains a broad severability clause, and Section 653h has not been construed by any California court to apply to recordings which would be eligible for federal protection. This case, therefore, involves *only* the power of the State of California to protect recordings which are not eligible for the new federal protection, i.e., which were fixed prior to February 15, 1972; this case does not present any issue of concurrent or conflicting state or federal protection for recordings. See *Watson v. Buck*, 313 U.S. 387, 395-97 (1941).

A. From the Beginning of the Commercial Recording Industry, the Courts Have Held That It Is Unlawful to Duplicate Recordings.

Only 25 years after Edison obtained a patent for the phonograph on February 19, 1878[15] commercial recording had become successful enough to attract pirates. Apparently the first American case to consider the problem of record piracy was *Victor Talking Mach. Co. v. Armstrong*, 132 Fed. 711 (C.C.S.D.N.Y. 1904). The defendant had made and sold records which had been pirated from disc records manu-

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which petitioners pirated was $71,000. (Transcript of testimony of Murray Gitlan at 48, line 22.) The cost of producing the master recording of the album by "Crosby, Stills and Nash" which petitioners pirated was $80,000. (Affidavit of Melvin Lewinter.) In addition to the costs of producing the master recording, Warner Bros. Records paid additional costs of $100,000 as royalties to performing artists and various union pension and welfare funds (Transcript of Gitlan at 57-58); and Atlantic Recording Company incurred costs of an additional $50,000 in royalties to the recording artist (Affidavit of Lewinter).

[15]R. Gelatt, *The Fabulous Phonograph* 22 (1st ed. 1955).

factured by the Victor Talking Machine Company. The pirate records bore labels which were similar in appearance, but by no means identical, to Victor's well known red label, and the records were in other ways similar, but not identical, in appearance to Victor's records. Defendant did not use Victor's name or Victor's "listening dog" trademark, but affixed its own name and an eagle to the label. The court readily recognized the fundamental evil of piracy—that the pirates "save themselves the expense of securing an execution of the musical piece by singer or orchestra", 132 Fed. at 712. The court enjoined the piracy, apparently on the traditional "passing off" theory of unfair competition.

Five years later in *Fonotipia Ltd. v. Bradley*, 171 Fed. 951 (C.C.E.D.N.Y. 1909)[16] the circuit court was presented with record piracy similar in many ways to modern record piracy. The defendant sold records which had been made by pirating records produced by plaintiffs but which did not imitate plaintiffs' trademark or use plaintiffs' trade name. Defendant, like modern record pirates, used the names of the performers whose records were pirated; his catalogue stated that the records he offered for sale were "all duplicates from the original records made by the artists whose names are used herein", 171 Fed. at 955. The manu-

[16]In *G. Ricordi & Co. v. Haendler*, 194 F.2d 914, 916 (2d Cir. 1952) the Court of Appeals for the Second Circuit overruled *Fonotipia* "so far as [it] might be thought to conflict with what we are holding." In view of the subsequent decision of the Court of Appeals in *Capitol Records, Inc. v. Mercury Records Corp.*, 221 F.2d 657 (2d Cir. 1955), discussed *infra*, holding that the legality of the unauthorized duplication of phonograph records is to be determined by state law and that such duplication is tortious under the law of the State of New York, we submit that the holding and result of *Fonotipia* are presently good law in the Second Circuit.

facturer of the pirate records did business as a corporation under the name Continental Record Company and apparently concealed the location of its plant and offices and the identity of its principals. See 171 Fed. at 955 and *cf. Duchess Music Corp. v. Stern,* 331 F. Supp. 127, 128 (D. Ariz. 1971), *rev'd.,* 458 F.2d 1035 (9th Cir. 1972), *petition for cert. filed sub nom. Rosner v. Duchess Music Corp.,* No. 71-1551. The court rejected trademark imitation as a basis of decision and squarely faced the question whether the duplication of records by mechanical reproduction may be enjoined by a court of equity. 171 Fed. at 959. In an opinion which anticipated the reasoning of this Court in *International News Service v. Associated Press,* 248 U.S. 215 (1918), the court held that record piracy was the misappropriation or unfair taking of plaintiffs' property which should be enjoined by a court of equity, and the court enjoined the piracy. 171 Fed. at 961-64.

In *Aeolian Co. v. Royal Music Roll Co.,* 196 Fed. 926 (W.D.N.Y. 1912) the court held that a piano roll company which had obtained a compulsory license to make player piano rolls of performances of copyrighted musical compositions under Section 1(e) of the Copyright Act[17] did not thereby obtain the right to duplicate player piano rolls of the same musical composition which had been manufactured by its competitor. The court stated that the compulsory license did not permit defendant to "avail himself of the skill and labor of the original manufacturer of the perforated roll or record by copying or duplicating the same, but [defendant] must resort to the copyrighted [musical] composition or sheet music, and not pirate the work of a competitor

[17] 17 U.S.C. §1(e) (1970).

who has made an original perforated roll." 196 Fed at 927.[18]

In *Orient Music Roll Co.*, 2 F.T.C. 176 (1919), the Federal Trade Commission held that the manufacture of player piano rolls by means of duplicating piano rolls manufactured and sold by a competitor, *i.e.*, "player piano roll piracy", gave the pirate "an undue advantage over competitors by appropriating the results of competitors' ingenuity, labor, and expense, and thus avoiding the expense of producing . . . master rolls", 2 F.T.C. at 179, and was "an unfair method of competition in interstate commerce, in violation of the provisions of section 5" of the Federal Trade Commission Act of 1914,[19] 2 F.T.C. at 180.

After 1919, record piracy did not reach a magnitude sufficient to warrant the expense of seeking judicial relief until after the introduction and commercial success of the long playing record in the late 1940's and early 1950's. See Note, *Piracy on Records*, 5 Stan.L.Rev. 433, 434-37 (1953). In 1950 and 1951, RCA Records, Mercury Records and Capitol Records obtained several state court injunctions against pirates. *Id.* at 438. In

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[18]In both *Fonotipia* and *Aeolian* the courts in dicta construed the then brand new Copyright Act of 1909 differently from subsequently accepted constructions of the Act. The court in *Fonotipia* thought that phonograph records themselves might be the subject of copyright (171 Fed. at 963), and in *Aeolian* the court thought that the Copyright Act itself gave the right to maintain that action (196 Fed. at 928). Neither of these statements was necessary to the decisions in those cases; that subsequent judicial construction of the Copyright Act has made these dicta erroneous should not in any way detract from the validity of the holdings of those cases that record piracy is legally wrongful and enjoinable. This is particularly true of *Fonotipia*, where the holding was based on reasoning almost identical to that of this Court in *International News Serv. v. Associated Press*, 248 U.S. 215 (1918).

[19]38 Stat. 719 (1914), 15 U.S.C. §45 (1970).

1952 Columbia Records, Louis Armstrong and Norman Granz obtained injunctions under New York law of unfair competition and invasion of privacy against major record pirates; during the same period music publishers obtained injunctions against pirates for infringing their copyrighted musical compositions by making records without paying the statutory royalties; these lawsuits temporarily "knocked out pirating". *Id.* at 439-41.

In *Capitol Records, Inc. v. Mercury Records Corp.*, 221 F.2d 657 (2d Cir. 1955), the Court of Appeals for the Second Circuit held that the Copyright Act as it then existed did not deal with the protection of phonograph records and that phonograph records could not be copyrighted, and that the legality of the unauthorized duplication of phonograph records is to be determined by state law, not federal law. 221 F.2d at 661-62. The court held that under the law of New York, public sale of records "does not constitute a dedication of the right to copy and sell the records", 221 F.2d at 663, and that the unauthorized duplication of phonogaph records is unlawful under the law of New York. The Court of Appeals expressly declined to follow its previous decision of *RCA Manufacturing Co. v. Whiteman*, 114 F.2d 86 (2d Cir.), *cert. denied*, 311 U.S. 712 (1940), because insofar as that case held that rights in recorded performances ended with the sale of records, that case "is not the law of the State of New York". 221 F.2d at 663.[20]

In *Gieseking v. Urania Records, Inc.*, 17 Misc.2d 1034, 155 N.Y.S. 2d 171 (Sup. Ct. 1956), the court

[20] *Whiteman* is also irrelevant because that case deals with the right to *play* records, and not with the right to *duplicate* them.

held that a performer or his assignee record company does not, by putting records on public sale, dedicate the right to copy the records and sell the copies, and that plaintiff, an internationally renowned pianist, could maintain causes of action under the New York right of privacy statute and for unfair competition to enjoin the unauthorized duplication of phonograph records of his performances.

During the last decade, when record piracy reached alarming proportions, numerous courts held unlawful and granted injunctions to prohibit the appropriation ("pirating") of recorded performances from master recordings, *RCA v. Premier Albums, Inc.*, 19 App. Div. 2d 62, 240 N.Y.S.2d 995 (1963), or from phonograph records sold to the public, *Capitol Records, Inc. v. Greatest Records, Inc.*, 43 Misc. 2d 878, 252 N.Y.S.2d 553 (Sup. Ct. 1964), *Capitol Records, Inc. v. Erickson*, 2 Cal. App. 3d 526, 82 Cal. Rptr. 798 (1969), *cert. denied*, 398 U.S. 960 (1970), *Capitol Records, Inc. v. Spies*, 130 Ill. App. 429, 264 N.E.2d 874 (1970), *Liberty/UA, Inc. v. Eastern Tape Corp.*, 11 N.C.App. 20, 180 S.E.2d 414, *appeal dism'd.*, 278 N.C. 702, 181 S.E.2d 600 (1971), and *Columbia Broadcasting System, Inc. v. Custom Recording Co.*, ... S.C. ....., 189 S.E.2d 305 (1972).

In addition, the courts have held unlawful and granted injunctions to prohibit the appropriation of performances "off the air", *Columbia Broadcasting System, Inc. v. Documentaries Unlimited, Inc.*, 42 Misc. 2d 723, 248 N.Y.S.2d 809 (Sup. Ct. 1964); *Metropolitan Opera Association, Inc. v. Wagner-Nichols Recorder Corp.*, 199 Misc. 786, 101 N.Y.S.2d 483 (Sup. Ct. 1950), *aff'd.*, 279 App. Div. 632, 107 N.Y.S.2d 795 (1951).

The Court of Appeals for the Ninth Circuit has held that there is no "right to copy" recordings, *Duchess Music Corp. v. Stern*, 458 F.2d 1305, 1311 (9th Cir. 1972), *petition for cert. filed sub nom. Rosner v. Duchess Music Corp.*, No. 71-1551. See *Tape Head Co. v. RCA Corp.*, 452 F.2d 816, 819 (10th Cir. 1971). In *TIAA v. Younger*, the California anti-piracy statute before this Court in this case was upheld.[21]

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[21]Petitioners have cited only one case which has held that the states lack the power to prohibit piracy of records fixed prior to February 15, 1972. *International Tape Mfgs. Ass'n. v. Gerstein*, 344 F. Supp. 38 (S.D. Fla. 1972), in which an appeal is now pending in the Court of Appeals for the Fifth Circuit. The district judge in that case expressly declined to follow this Court's decision in *International News Serv. v. Associated Press*, 248 U.S. 215 (1918), the decisions of the Courts of Appeals for the Ninth and Tenth Circuits in *Duchess Music Corp. v. Stern*, *supra*, and *Tape Head Co., Inc. v. RCA Corp.*, *supra*, the decision of the Court of Appeals for the Second Circuit in *Capitol Records, Inc. v. Mercury Records Corp.*, *supra*, and the decision of the three judge court in *TIAA v. Younger*, *supra*. *Gerstein* is contrary to the numerous cases, cited at pages 20-25, *supra*, and 43, *infra*, which have held that the sale of phonograph records does not amount to a publication which deprives the owner of the master recording of his right to prohibit duplication of the records. The *Gerstein* decision is also contrary to two orders dismissing similar suits brought by the same trade association of pirates attacking the Texas and Pennsylvania anti-piracy statutes, *Independent Tape Merchant's Ass'n v. Martin*, United States District Court for the Northern District of Texas, Dallas Division, Civil Action No. 3-5536-A, dismissed by order filed February 29, 1972, and *Independent Tape Merchant's Ass'n v. Creamer*, United States District Court for the Middle District of Pennsylvania, Civil Action No. 72-73, dismissed by an order pursuant to a memorandum, both filed July 24, 1972. The real motives of the tape pirates are quite transparent. The same attorney who represented the pirates in the suits attacking the validity of the Florida, Texas and Pennsylvania anti-piracy statutes also filed an action in the District of Columbia to have Public Law No. 92-140 declared unconstitutional. *Shaab v. Kleindienst*, United States District Court for the District of Columbia, Civil Action No. 11-72, 174

(This footnote continued on next page)

B. Congress Has Long Been Aware of State Law Protection Against Unauthorized Duplication of Recordings, and the Absence of Federal Protection Against Record Piracy Prior to Public Law No. 92-140 Did Not Indicate a Congressional Intention That Recordings Should Not Have State Law Protection Against Piracy.

Petitioners argue that congressional consideration of various proposed general revisions of the Copyright Act which would have included copyright protection for recordings and the failure of Congress to enact any of these general revisions is, apparently by implication, an expression of congressional will that sound recordings have no protection at all against unauthorized duplication.[22] This argument is specious for two reasons: generally, the failure of the Congress to enact legislation is not reasonably susceptible of such an interpretation; and, specifically, petitioners ignore the substantial evidence that in numerous congressional hearings spanning a period of more than twenty years, the Congress was repeatedly told that the record companies believed that state law protected them against the unauthorized duplication ("dubbing") of their records.

The reason that, in general, failure to enact legislation is not an indication of congressional policy, one way or the other, is stated by this Court in *Helvering v. Hallock*, 309 U.S. 106, 119-21 (1940):

> "To explain the cause of non-action by Congress when Congress itself sheds no light is to venture

U.S.P.Q. 197. In a memorandum opinion by a three judge district court consisting of Judges Green, Fahy and Corcoran, that action was dismissed by an order filed on June 8, 1972.

[22]See Brief of Petitioners at 10-11.

> into speculative unrealities. . . . Various considerations of parliamentary tactics and strategy might be suggested for the inaction of . . . Congress, but they would only be sufficient to indicate that we walk on quicksand when we try to find in the absence of corrective legislation a controlling legal principle."

Moreover, there is specific, cogent evidence that the failure of Congress to provide federal protection against record dubbing prior to 1971 is not an indication that Congress intended recordings to have no protection at all against unauthorized duplication. To the contrary, the evidence demonstrates that Congress understood that protection was available under state law, and that failure to enact legislation was due to an inability to resolve other issues. The Committee on the Judiciary of the House of Representatives and the Register of Copyrights have both stated that the failure of Congress to enact copyright revision between 1924 and 1940 was "partly because of controversy among private interests over the differences between the Berne Convention and the U.S. law". H.R.Rep No. 2237, 89th Cong., 2d Sess. 31 (1966); House Comm. on the Judiciary, 87th Cong., 1st Sess., *Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law* at x (Comm. Print 1961). In Ringer, *The Unauthorized Duplication of Sound Recordings*, Study No. 26 of the Copyright Law Revision Studies prepared for the Subcommittee on Patents, Trademarks and Copyrights of the Senate Judiciary Committee, 86th

Cong., 2d Sess. 37 (1957),[23] the Assistant Register of Copyrights states:

> "Essentially, however, the arguments, pro and contra, were dictated by economic self-interest, and revolved around the problem of radio broadcasting. There was practically no direct opposition to the principle of protection of sound recordings against unauthorized dubbing."

Throughout the hearings on the various revision bills which occurred between 1924 and 1940, representatives of the recording industry repeatedly informed Congress that the recording industry believed that phonograph records were protected from unauthorized duplication by state law:

> At hearings on the Perkins Bill held in January and February, 1924, no one opposed the proposed revisions granting copyright to records. In fact, a representative of the Victor Talking Machine Co. stated that the record manufacturers had not asked for statutory protection and were not sure they wanted statutory protection, because the proposed bill merely protected against dubbing, and the record manufacturers already had protection against dubbing under state law of unfair competition. Ringer *The Unauthorized Duplication of Sound Recordings* at 22, citing Hearings on H.R. *11258 Before the House Comm. on Patents,* 68th Cong., 2d Sess. 303 (1925).

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[23]Hereinafter referred to as Ringer, *The Unauthorized Duplication of Sound Recordings.* This study is one of a group of studies which are available as official committee prints of the Senate Judiciary Committee, and which have also been collected and republished in *Studies on Copyright* (Arthur Fisher Memorial Ed. 1963).

At hearings held in April, 1926, a representative of the Aeolian Company informed Congress that there was protection against dubbing under state theories of unfair competition. *Id.* at 22-23, citing *Hearings on H.R. 10434 Before The House Comm. on Patents,* 69th Cong., 1st Sess. 319 (1926).

At hearings on the Vestal Bill from 1928 through 1930, representatives of authors and music publishers stated to the Congress that record manufacturers were effectively protected against dubbing by the common law. *Id.* at 23, citing *Hearings on H.R. 9639 Before the House Comm. on Patents,* 71st Cong., 2d Sess. 10-11, 27, 29 (1930).

At hearings held in February, March and April, 1936, on the Daly and Sirovich bills, it was assumed generally that ordinary dubbing of sound recordings could be effectively prevented at common law on the theory of unfair competition. *Id.* at 29, citing *Hearings on Revision of Copyright Laws Before the House Comm. on Patents,* 74th Cong., 2d Sess. 113, 639, 653, 1181 (1936).

At hearings in May and June, 1947 on a bill to amend the Copyright Act to provide for copyright in "acoustic recordings," the record manufacturers opposed provisions of the bill requiring them to obtain the consent of the "author" of the recording before the recording could be copyrighted on the ground that if consent were denied, the recording would fall into the public domain and the manufacturer would lose

its common law right to restrain dubbing.[24] The representative of Decca Records told the Committee that:

> "[T]oday, at least, we have a common-law right in that record and nobody under the common-law could 'dub' that record . . . I mean record it physically or make another record from it."[25]

At hearings in 1967 on the general revision of the Copyright law, the Executive Secretary of the Record Industry Association of America and the general counsel of that association, in discussing proposed statutory protection for works which were then protected by common law, advised the Subcommittee that existing recordings were then protected by state law. See *Hearings on S. 597 Before the Subcomm. on Patents, Trademarks and Copyrights of the Senate Judiciary Comm.*, 90th Cong., 1st Sess., Pt. 2, at 531 and 537 (1967).

Most of the commentators prior to the enactment of Public Law No. 92-140 acknowledged that recordings were protected against duplication under state law. See, for example, Ringer, *The Unauthorized Duplication of Sound Recordings* at 17-20, in which the Assistant Register of Copyrights stated that "the weight of authority appears to lean toward broader and broader protection for recordings on the theory of unfair competition" (*Id.* at 19); Diamond, *Copyright Problems of the Phonograph Record Industry*, 15 Vand.L.Rev. 419, 429 (1962), in which the author stated that "It

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[24]Ringer, *The Unauthorized Duplication of Sound Recordings* at 36.

[25]*Hearings on H.R. 1268, H.R. 1270 and H.R. 2570 Before the Subcomm. on Patents, Trademark and Copyright of the House Comm. on the Judiciary*, 80th Cong., 1st Sess. 54 (1947), quoted in Ringer, *Id.* at 36 n. 338.

is generally assumed today . . . that a phonograph record manufacturer at least can stop the unauthorized duplication of his recordings".

C. In Public Law No. 92-140 Congress Expressly Recognized the Existence of State Law Rights in Recordings Fixed Prior to the Availability of the Federal Protection Established by That Act and Expressly Confirmed and Saved Those Rights.

Section 1 of Public Law No. 92-140 created for the first time a limited copyright in sound recordings, which, under §3 of the Act, became effective only with respect to sound recordings "fixed, published, and copyrighted" on or after February 15, 1972. Section 3 of that Act provides:

> "[N]othing in title 17, United States Code, as amended by section 1 of this Act, shall be applied retroactively or be construed as affecting in any way any rights with respect to sound recordings fixed before the effective date of this Act."

Section 3 of Public Law No. 92-140, therefore, contains an express congressional recognition of the foregoing legislative and judicial history and that there are "rights with respect to sound recordings fixed before the effective date of [that] Act", and a statement of congressional will that nothing in the Copyright Act (Title 17, United States Code) as amended by Public Law No. 92-140, shall be construed as affecting "in any way any [such] rights". Congress has thus expressly confirmed, indeed, invited, state protection of sound recordings fixed prior to February 15, 1972.

Section 653h of the California Penal Code is an appropriate state statute preserving rights in recordings

fixed prior to February 15, 1972.[26] Petitioners, by asking this Court to invalidate Section 653h are really asking this Court to disregard the clearly and expressly stated will of Congress. When arguments similar to those made here were presented by other record pirates to the Court of Appeals for the Tenth Circuit, that court stayed an injunction which would have prohibited enforcement of state rights in recordings fixed prior to February 15, 1972 because "[i]t is highly questionable from the authorities presented that plaintiffs [the pirates] have, as a result of the Act of Congress, acquired a right to convert and use these recordings with impunity prior to February 15, 1972." *Tape Head Co. v. RCA Corp.*, 452 F.2d 816, 819 (10th Cir. 1971). Petitioners have not presented any valid reasons for this Court to disregard the will of Congress; no such reasons exist; and this Court should effectuate the will of Congress by upholding Section 653h.

III.

Section 653h Does Not Conflict With Any Federal Policy of Uniformity.

Petitioners' principal arguments are based on assumptions of federal pre-emption and uniformity of law which have never existed in American copyright law.[27] To the contrary, from its earliest days the

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[26]Section 2 of the California statute which enacted Section 653h makes that statute fully severable so that it may, if required, be limited to protecting sound recordings fixed prior to February 15, 1972. Since petitioners were convicted of pirating recordings fixed prior to that date and since the California courts have not had the opportunity to determine the applicability of Section 653h to recordings fixed after that date, it is neither necessary nor appropriate for this Court to decide whether the statute does or may proscribe piracy of recordings fixed after February 15, 1972.

[27]Brief of Petitioners at 8-9, 11-12, 16, 19-20, 23.

American system of copyright protection has been based on the *concurrent* application of federal and state law. State law has protected unpublished works, *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591 (1834), *Paige v. Banks*, 80 U.S. (13 Wall.) 608 (1872), and federal law has protected published works, 17 U.S.C. §10 (1970). In the Copyright Act Congress has expressly preserved "the right of the author or proprietor of an unpublished work, at common law or in equity, to prevent the copying, publication, or use of such unpublished work without his consent . . . ." 17 U.S.C. §2 (1970). This Court has applied state law to construe the Copyright Act. *De Sylva v. Ballentine*, 351 U.S. 570, 580-82 (1956). In *Fashion Originators Guild v. FTC*, 114 F.2d 80 (2d Cir. 1940), *aff'd.*, 312 U.S. 457 (1941)[28] this Court did *not* adopt the reasoning of the court of appeals that, as a matter of federal law, the sale of dresses was a "publication" of the designs which brought them into the "public demesne" (114 F.2d at 84); rather this Court held that whether "systematic copying of dress designs is itself tortious . . . . is a question of *state law* . . . ." 312 U.S. at 468 (Emphasis added).

Petitioners assert that there must be a uniform federal definition of "publication". But, contrary to this assertion, there has always been a vast diversity of meaning of "publication" in the law of literary property. Section 2 of the Copyright Act preserves common law rights in "unpublished" works, but does not define "unpublished". Consistently with this reference to common law, state law has generally been applied to define "publication" for the purpose of divesting common

[28]Brief of Petitioners at 21-22.

law protection. On the other hand, Section 10 of the Copyright Act provides that federal protection may be obtained by "publication" with notice of copyright affixed, but the Copyright Act does not define "publication". Consistently with this provision for obtaining federal statutory protection, federal law has generally governed the definition of "publication" for the purpose of determining whether there has been an investiture of federal protection.

The fallacies of petitioners' assertions that the Copyright Clause requires a uniform federal definition of "publication" are cogently exposed in Kalodner and Vance, Jr., *The Relation Between Federal and State Protection of Literary and Artistic Property*, 72 Harv. L. Rev. 1079, 1084 (1959). That article shows that "the question of what publication divests an author of his common-law property rights, has been generally assumed to be one of state law", *id.* at 1092, 1094, and that it would be unwise to adopt a uniform concept of investing and divesting publication, but rather that state law ought to define that publication which will divest state law rights and federal law ought to define that publication which will invest federal rights, *id.* at 1093-94. The fallacies in petitioners' assertions are also demonstrated in Bender, *Product Simulation: A Right or A Wrong?*, in symposium, 64 Colum. L. Rev. 1228, 1230-32 (1964), and Comment, *Performers' Rights and Copyright: The Protection of Sound Recordings from Modern Pirates*, 59 Calif. L. Rev. 548, 557, 561-65 (1971).

In *American Tobacco Co. v. Werckmeister*, 207 U.S. 284 (1907), this Court held that the exhibition of a painting in a gallery which had bylaws prohibiting copying did not amount to a publication that would

divest the artist of his common law copyright protection. Certainly if the bylaws of a private art gallery can preserve common law protection by restricting the right to copy, the law of the State of California ought to be able to preserve common law rights by restricting the right to duplicate phonograph records.

In *American Visuals Corp. v. Holland,* 239 F.2d 740 (2d Cir. 1956), the court expressly rejected the contention "that facts which would constitute 'publication' for purposes of securing the author federal copyright protection, will also operate to divest him of his common law protection if he has not secured a federal copyright", and explained at length that "[i]t is, however, perfectly clear that the word 'publication' does not have the same legal meaning in all contexts." 239 F.2d at 743. But the same amount of "publication" which the court indicated would *not divest* the author of his *common law rights* would have been more than *sufficient* to *invest* him with *federal statutory rights.* 239 F.2d at 744-45. See *Hirshon v. United Artists Corp.,* 243 F.2d 640, 644-45 (D.C. Cir. 1957). *Cf., Atlantic Monthly Co. v. Post Pub. Co.,* 27 F.2d 556 (D. Mass. 1928).

> "Cases such as these indicate that, as we said above, the courts apply different tests of publication depending on whether plaintiff is claiming protection because he did not publish and hence has a common law claim of infringement—in which case the distribution must be quite large to constitute 'publication'—or whether he is claiming under the copyright statute—in which case the requirements for publication are quite narrow. *In each case the courts appear so to treat the concept*

of 'publication' as to prevent piracy." American Visuals Corp. v. Holland, supra, 239 F.2d at 744 (Emphasis added).

In *Capitol Records, Inc. v. Mercury Records Corp.,* 221 F.2d 657 (2d Cir. 1955), the court of appeals expressly used state law to determine whether the sale of records dedicated to the public the right to duplicate recordings and held that, under the law of the state of New York, placing "records on public sale . . . does not constitute a dedication of the right to copy and sell the records". 221 F.2d at 663. Even Judge Hand, who dissented in that case, had recognized that state law can protect records against unauthorized uses. In *RCA Manufacturing Co. v. Whiteman,* 114 F.2d 86 (2d Cir.), *cert. denied,* 311 U.S. 712 (1940), in which he wrote an opinion holding that records which had been sold to the public could be played on radio notwithstanding a restrictive legend to the contrary on the records, Judge Hand acknowledged that "[i]t is true that the law is otherwise in Pennsylvania", whose Supreme Court had enforced such a restrictive legend. 114 F.2d at 89, citing *Waring v. WDAS Broadcasting Co.,* 327 Pa. 433, 194 Atl. 631 (1937).

Judge Hand's dissent in *Capitol Records, Inc. v. Mercury Records Corp.,* on which petitioners rely, has not generally been adopted. Even one of Judge Hand's admirers has conceded that "[i]n general the mere vesting of a power in Congress does not operate to exclude state regulation of the field . . . . [and] it is doubtful whether the present case warrants such treatment. After all, it is always open to Congress to step in and assert its control if it is dissatisfied with the state regulation," and that the evidence in support of Judge Hand's conclusion is

"hardly conclusive". Kaplan, *Performer's Right and Copyright: The Capitol Records Case*, 69 Harv. L. Rev. 409, 420-21 (1956).

IV.

Section 653h Does Not Conflict With the Sears and Compco Decisions.

Petitioners place major reliance on *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964) and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964). In *Sears* the Stiffel Co. manufactured a pole lamp and Sears "put on the market a substantially identical lamp which it sold more cheaply . . ." 376 U.S. at 225-26. In *Compco*, the Compco Corporation made and sold lighting fixtures "very similar to" lighting fixtures made and sold by Day-Brite, 376 U.S. at 234-35. The Stiffel Co. had obtained design and mechanical patents and Day-Brite had obtained a design patent (and had been refused a mechanical patent) on their respective lamp and fixture. The patents were held invalid and this Court held that state law could not prohibit the marketing of "substantially identical" or "very similar" products.

In *Sears* and *Compco* the United States filed a brief amicus curiae urging reversal of the judgments below. That brief expressly excluded from argument and consideration "such questions as whether State law may protect a performer in the performance of a copyrighted or uncopyrighted literary or musical work, . . . and whether a State may define what constitutes 'publication' within the meaning of the copyright laws"; the United States stated that it was "not suggesting that a State never could grant protection against systematic 'pirating' of original designs or creations, or against unauthorized reproduction of a recorded performance

of a literary or musical work," and acknowledged that "the policy considerations involved in the resolution of those issues may be different than those in [*Sears* and *Compco*], and the problems of federalism posed may call for a different balancing of federal and State interests." *Brief of the United States as Amicus Curiae*, at 11-12, 28, in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964). These statements of the United States are strong reasons that *Sears* and *Compco* do not apply to record piracy and do not support petitioners.

A. Pirate Tapes Are Not "Copies" of Recordings in the Same Sense That the Lamp and Lighting Fixture in Sears and Compco Were Copies of the Lamp and Fixture They Imitated.

The Sears pole lamp and the Compco lighting fixture were imitations or simulations of the Stiffel and Day-Brite products. One purchasing from Sears and Compco knew he was not obtaining the Stiffel lamp or Day-Brite fixture. On the other hand, when a pirate tape is played, the listener hears the identical recorded performance he hears when he plays the phonograph record which has been pirated. The listener purchases the pirate tape precisely because he knows it is a "duplicate original". Petitioners thus do not sell imitations, simulations or copies of recordings in the same sense that Sears, Roebuck sold "copies" of the Stiffel pole lamp; petitioners sell the original recorded performances. If petitioners had been willing to pay for the talent, make the investment, and take the risk that all the individuals and record companies do who make possible the recordings petitioners pirate, and if petitioners had

thereby produced a recorded performance of a musical composition which imitated or simulated another recorded performance in the same way that the pole lamp made by Sears and the lighting fixture made by Compco imitated or simulated the Stiffel lamp and Day-Brite fixture, *Sears* and *Compco* would be in point. That is, petitioners could have attempted to produce a recording which sounds as much as possible like the original recording, but isn't the original. Petitioners did not do this; instead they appropriated and sold the original performance.

A record or tape has value only because it is a means of hearing the performance "captured" on the physical object; the physical object alone has little value without the recorded performance. That the imitation and simulation sanctioned by *Sears* and *Compco* is not the same as petitioners' piracy is proven by the fact that in order for petitioners to sell their pirate tapes they must and do label them with the names of the performers and the titles of the recordings which have been pirated, thereby informing the public that one who purchases a pirate tape is acquiring a means of hearing the original recorded performance by the original performer, and not a copy or imitation. Obviously, a recording labeled "Some Songs" performed by "The Unknown Singers" is not nearly as valuable or salable as a recording labeled with the title of the latest "hit" album and the names of performers who are presently among the public's top favorites. On the other hand, when one purchases a properly labeled Sears, Roebuck pole lamp he knows that he is purchasing an imitation or copy, and not an original Stiffel lamp. This points out another distinction between piracy and the copying or imitation sanctioned in *Sears*

and *Compco:* with copying a new product is created and offered to the public (even though that product may be indistinguishable from another product); with piracy or appropriation the identical product is offered to the public.

The distinction between the appropriation or taking which is record piracy and the "copying" or imitation allowed by *Sears* and *Compco* has long been recognized. The late Professor Zechariah Chafee, Jr., of Harvard Law School recognized this distinction over twenty-five years ago in his landmark articles *Reflections on the Law of Copyright,* 45 Colum. L. Rev. 503, 719 (1945); Chafee made this distinction between plagiarism, *i.e.*, copying, and piracy:

> "In piracy, unlicensed persons still give the author credit; in plagiarism they take the credit themselves. Another aspect of the distinction is that piracy usually takes the whole work, or at least abridges it, while plagiarism takes parts of it." 45 Colum. L. Rev. at 513.

In discussing the need for federal protection for phonograph records, Chafee urged: "The owner of the record copyright should certainly be able to stop the two kinds of *piracy* already described, namely, reproduction of this very record and broadcasting therefrom. When we come to *plagiarism,* protection here seems questionable. Do we want to encourage Toscanini to come into court and say that the defendant conductor is improperly *imitating* Toscanini's rendering of Beethoven's Fifth Symphony? Do we want Benny Goodman to say that another jazz orchestra is copying his

new tricks with the clarinet?" 45 Colum. L. Rev. at 736 (Emphasis added).

The Assistant Register of Copyrights distinguished between the unauthorized duplication or piracy of records and the imitation of the sounds captured on one record by the production of new sounds "even where the imitation is so slavish as to make the records nearly identical". Ringer, *The Unauthorized Duplication of Sound Recordings* at 1 n. 3. See also Kalodner and Vance, Jr., *The Relation Between Federal and State Protection of Literary and Artistic Property,* 72 Harv. L. Rev. 1079, 1098-99, 1121 n. 118, 1121-26 (1959).

The reality of the distinction between petitioners' appropriation and piracy and the imitation or simulation of a performance which would be permitted under *Sears* and *Compco* is proven by a comparison of *Sinatra v. Goodyear Tire & Rubber Co.,* 435 F.2d 711 (9th Cir. 1970), *cert. denied,* 402 U.S. 906 (1971) and *Davis v. Trans World Airlines,* 297 F. Supp. 1145 (C.D. Cal. 1969) with *TIAA v. Younger.* Judges Trask and Whelan, who forbade piracy of recordings in *TIAA v. Younger,* permitted imitation and simulation of recordings in *Sinatra* and *Davis.*

Prior to *Sears* and *Compco* the New York courts, which have consistently protected against record piracy, recognized the distinction between piracy and imitation and did not protect against imitation. See *Miller v. Universal Pictures Co.,* 11 App. Div. 2d 47, 201 N.Y.S.2d 632, 634-35 (1960), *jdmt. amended,* 13 App. Div. 2d 473, 214 N.Y.S.2d 645, *aff'd.,* 10 N.Y. 2d 972, 224 N.Y.S.2d 662, 180 N.E.2d 248 (1961). After *Sears* and *Compco,* numerous federal and state courts have recognized the distinction between the "copying" or imitation which those cases sanctioned

and the appropriation or taking which is involved in record piracy and, either on the misappropriation ground of unfair competition announced by this Court in *International News Service v. Associated Press*, 248 U.S. 215 (1918), or on the grounds of protection of common law copyright, have held that *Sears* and *Compco* have not legalized record piracy. *Duchess Music Corp. v. Stern*, 458 F.2d 1305, 1311 (9th Cir. 1972), *petition for cert. filed sub nom. Rosner v. Duchess Music Corp.*, No. 71-1551; *Tape Head Co. v. RCA Corp.*, 452 F.2d 816, 819 n. 1 (10th Cir. 1971); *TIAA v. Younger*, 316 F. Supp. 340, 350-51 (C.D. Cal. 1970); *Columbia Broadcasting System, Inc. v. Custom Recording Co., Inc.*, ... S.C. ...., 189 S.E.2d 305, 309-10 (1972); *Liberty/UA, Inc. v. Eastern Tape Corp.*, 11 N.C. App. 20, 180 S.E.2d 414, 417, *appeal dism'd.*, 287 N.C. 702, 181 S.E.2d 600 (1971); *Capitol Records, Inc. v. Erickson*, 2 Cal. App. 3d 526, 82 Cal. Rptr. 798 (1969), *cert. denied*, 398 U.S. 960 (1970); *Capitol Records, Inc. v. Spies*, 130 Ill. App. 429, 264 N.E.2d 874, 877 (1970); *Columbia Broadcasting System, Inc. v. Documentaries Unlimited, Inc.*, 42 Misc. 2d 723, 726-27, 248 N.Y.S.2d 809, 812-13 (Sup. Ct. 1964); *Capitol Records, Inc. v. Greatest Records, Inc.*, 43 Misc. 2d 878, 252 N.Y.S.2d 553, 555-57 (Sup. Ct. 1964).

The most recent evidence that *Sears* and *Compco* do not support petitioners is that Judge Richard W. McLaren, who was Assistant Attorney General in charge of the Antitrust Division at the time the letter from the Department of Justice referred to by petitioners was written,[29] has recognized the distinc-

[29]Brief of Petitioners at 14-15 n. 23.

tion between "misappropriation" and "copying". Judge McLaren recently held that "the great majority of the courts which have considered the question have ruled that misappropriation is not within the scope of Sears-Compco and declin[ed] to follow the cases"[30] which said there was no such distinction. *Compumarketing Services Corp. v. Business Envelope Manufacturers, Inc.*, 342 F. Supp. 776 (N.D. Ill. 1972), typewritten Memorandum dated June 8, 1972 at 5.

B. Recordings Are Not "in the Public Domain" as Were the Lamp and Fixture Involved in Sears and Compco.

Sears and *Compco* concern only the right to copy items which are "in the public domain".[31] Petitioners' brief presupposes that the sale of sound recordings places them "in the public domain" and argues from this supposition that the recordings may be freely duplicated.[32]

Neither *Sears* nor *Compco* held expressly or by implication that the sale of recordings to the public places the recordings "in the public domain" in the sense that the recordings may be duplicated. Prior to the decisions of *Sears* and *Compco* the law was clearly to the contrary. *Capitol Records, Inc. v. Mercury Records Corp.*, 221 F.2d 657 (2d Cir. 1955), and other authorities cited at pages 20-25, *supra*. There is nothing in *Sears* or *Compco* which indicates that this Court intended to overrule all this preexisting authority, and, as the cases

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[30]*Columbia Broadcasting System, Inc. v. DeCosta*, 377 F.2d 315, 321 (1st Cir.), *cert. denied*, 389 U.S. 1007 (1967) and *Cable Vision, Inc. v. KUTV, Inc.*, 335 F.2d 348, 352 (9th Cir. 1964), *cert. denied*, 379 U.S. 989 (1965), both cited in Brief of Petitioners at 20-22.

[31]376 U.S. at 231 and 238.

[32]Brief of Petitioners at 9, 11-22.

cited at page 43, *supra*, indicate, there has been a strong consensus of post *Sears* and *Compco* authority that those cases do not mean that public sale of recordings places them "in the public domain" in the sense of dedicating the right to duplicate the records.

A phonograph record is a means of "capturing" a performance and of rendering that performance audible to a large audience. That the sale of recordings does not place the recordings "in the public domain" flows from the long settled principle that the rendition of a public performance, no matter how great or extensive the audience, does not constitute a "publication" of the performance or a dedication by the owner of the right to duplicate the performance, *i.e.*, does not put the performance "in the public domain". *Ferris v. Frohman*, 223 U.S. 424 (1912); *Uproar Co. v. National Broadcasting Co.*, 8 F. Supp. 358 (D. Mass. 1934), *modified and aff'd.*, 81 F.2d 373 (1st Cir.), *cert. denied*, 298 U.S. 670 (1936), holding that radio broadcast does not divest the owner of the performance of his rights therein; *King v. Mister Maestro, Inc.*, 224 F. Supp. 101 (S.D.N.Y. 1963), holding that public delivery of a speech to an "enormous crowd" and radio and television broadcasts and rebroadcasts and movie newsreel exhibition of the speech does not divest the owner of the speech of his rights therein.

The essence of petitioners' argument is that *Sears* and *Compco* require a choice between two alternatives; protection under a federal statute or no protection at all. But this argument fails to recognize that *Sears* and *Compco* dealt with patent interests where Congress has indeed required that alternative. Congress has prescribed standards of patentability which physical objects must meet in order to be protected against copy-

ing; the lamp and lighting fixture involved in *Sears* and *Compco* failed to meet these federal standards and, accordingly, they had no protection at all against copying. Record and tape piracy, however, involve what are essentially literary property interests where the courts have always recognized and Congress has expressly provided a third alternative—common law protection by the states for "unpublished works" under Section 2 of the Copyright Act.[33] In *Sears* this Court expressly recognized that Congress had preserved the states' power to protect "unpublished works". 376 U.S. at 231 n. 7. After the decision of *Sears* and *Compco*, Congress in Section 3 of Public Law No. 92-140 again specifically confirmed this power of the states for recordings fixed prior to February 15, 1972.

C. The Other Cases Cited by Petitioners Are Not Apposite.

Columbia Broadcasting System, Inc. v. DeCosta,[34] 377 F.2d 315 (1st Cir.), *cert. denied*, 389 U.S. 1007 (1967), did not involve duplication of an original performance or holding out by CBS that its character "Paladin" was the "original DeCosta" or "the original Paladin created by DeCosta", as petitioners hold out that their pirate tapes will permit the listener to hear the original performances by the original performers. If defendants in *DeCosta* had held out that their Paladin was "the original DeCosta" the result might well have been different. See *Chaplin v. Amador*, 93 Cal.App. 358, 269 P. 544 (1928), cited in *DeCosta*, 377 F.2d at 318.

In *Cable Vision, Inc. v. KUTV, Inc.*, 335 F.2d 348, 351 (9th Cir. 1964), *cert. denied*, 379 U.S. 989

[33] 17 U.S.C. §2 (1970).

[34] Brief of Petitioners at 20-21 n. 32, 22 n. 34.

(1965),[35] the court of appeals expressly recognized that state actions "based upon common law copyright" survive, citing *Columbia Broadcasting System, Inc. v. Documentaries Unlimited, Inc.*, 42 Misc. 2d 723, 248 N.Y.S.2d 809 (Sup. Ct. 1964).

RCA Manufacturing Co. v. Whiteman,[36] 114 F.2d 86 (2d Cir.), *cert. denied*, 311 U.S. 712 (1940), dealt with the right to *play* records, not duplicate them;[37] in addition, *Capitol Records, Inc. v. Mercury Records Corp.*, 221 F.2d 657 (2d Cir. 1955), makes this case, as well as all of the other Second Circuit decisions cited by petitioners, irrelevant because the law in that Circuit, as set out in *Capitol Records*, is that recordings may be protected against unauthorized duplication under state law. 221 F.2d at 663.

Petitioners are able to engage in their piracy only because a sound recording is not only a means for making the performance embodied thereon audible, but also, unlike almost any other form of intellectual and artistic property, a die for reproducing itself. For this reason, as well as for the reason that the recordings which petitioners pirated were never eligible for the benefits of federal copyright protection, cases dealing

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[35]Brief of Petitioners at 20-21 n. 32.

[36]Brief of Petitioners at 16, 17.

[37]The distinction between restricting the right to play records and restricting the right to duplicate them was also recognized by the South Carolina Supreme Court and the North Carolina Court of Appeals which held that the statutes of those states eliminating common law rights to restrict the use of recordings, which were enacted to overrule *Waring v. Dunlea*, 26 F. Supp. 338 (E.D.N.C. 1939), applied only to restrictions on the right to play records and did not sanction record and tape piracy. *Liberty/UA, Inc. v. Eastern Tape Corp.*, 11 N.C. App. 20, 180 S.E.2d 414, *appeal dism'd.*, 287 N.C. 702, 181 S.E.2d 600 (1971) and *Columbia Broadcasting System, Inc. v. Custom Recording Co., Inc.*, ...S.C. ...., 189 S.E.2d 305 (1972).

with rights upon the expiration of the copyright in printed matter, such as *G. Ricordi & Co. v. Haendler,* 194 F.2d 914 (2d Cir. 1952),[38] are irrelevant.

V.

There Are Strong Reasons of Policy Which Support the Continued Power of the State to Protect Recordings Fixed Prior to February 15, 1972.

The disastrous impact of record and tape piracy on all segments of the legitimate music and recording industries—on performers, musicians, composers and record companies—and on the federal and state governments which are losing tax revenue as a result of the activities of the pirates—was described in the reports of the Senate Judiciary Committee and House Judiciary Committee on Public Law No. 92-140.

> "While it is difficult to establish the exact volume or dollar value of current piracy activity it is estimated by reliable trade sources that the annual volume of such piracy is now in excess of $100 million. It has been estimated that legitimate prerecorded tapes sales have an annual value of approximately $300 million. The pirating of records and tapes is not only depriving legitimate manufacturers of substantial income, but of equal importance is denying performing artists and musicians of royalties and contributions to pension and welfare funds and Federal and State governments are losing tax revenues." S.Rep. No. 92-72, 92d Cong., 1st Sess. 3-4 (1971); H.R. Rep. No. 92-487, 92d Cong., 1st Sess. 2 (1971).

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[38]Brief of Petitioners at 25-26 n. 41.

The findings of the Senate and House Judiciary Committees that record piracy is a social evil which must be stopped was based on substantial evidence, including the testimony of prominent public officials, presented in the hearings on S. 646 which ultimately became Public Law No. 92-140. See the testimony of Representative Celler, Chairman of the House Judiciary Committee;[39] Representative Fulton of Tennessee;[40] Bruce Ladd, Jr., Deputy Assistant Secretary for Commercial Affairs and Business Activities for the Department of State;[41] B. A. Ringer, Assistant Register of Copyrights;[42] and many representatives of all segments of the music industry.[43] Counsel for petitioners here, as well as the record and tape pirates who have filed an amicus brief and their counsel, appeared before the House Subcommittee and presented at length their arguments in favor of piracy.[44] The Congress rejected those arguments, and so should this Court.

There is no merit to the arguments of petitioners and the other pirates who have filed an amicus brief that Section 653h of the California Penal Code has created a "monopoly" in favor of record companies or that the suppression of piracy will foster monopoly.[45] The Register of Copyrights reported to the Congress in 1961 that there is no longer the danger of monopoly in the music industry which had in 1909 prompted adoption of the

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[39]*Hearings on S. 646 and H.R. 6927 Before Subcomm. No. 3 of the House Comm. on the Judiciary*, 92d Cong., 1st Sess. 4 (1971).

[40]*Id.* at 6.

[41]*Id.* at 7.

[42]*Id.* at 10-11.

[43]*Id.* at 24-66.

[44]*Id.* at 67-116.

[45]Brief of Petitioners at 9, 11-13, 23.

compulsory license provisions[46] and that "[t]here are now hundreds of record companies competing with one another." House Comm. on the Judiciary, 87th Cong., 1st Sess., *Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law*, 33-35 (Comm. Print 1961).[47]

Record and tape piracy are, in fact, fundamentally anti-competitive, as explained by B. A. Ringer, Assistant Register of Copyrights, in her testimony in favor of

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[46]17 U.S.C. §1(e) (1970).

[47]The amici pirates argue that if the judgment below is affirmed, they will face the "burden" of defending themselves against lawsuits in fifty states. It would be just as logical to argue that there should be no state criminal laws at all because criminals who break the law in more than one state will have to answer for their crimes in each state. Moreover, the pirates themselves do not fear litigation; they have been most energetic in forming associations and bringing numerous lawsuits against record companies and state law enforcement officials to have their piracy declared legal. See, for example, *TIAA v. Younger; International Tape Mfgs. Ass'n. v. Gerstein*, 344 F. Supp. 38 (S.D. Fla. 1972); *Independent Tape Merchant's Ass'n. v. Martin*, United States District Court for the Northern District of Texas, Dallas Division, Civil Action No. 3-5536-A; and *Independent Tape Merchant's Ass'n. v. Creamer*, United States District Court for the Middle District of Pennsylvania, Civil Action No. 72-73. In addition to lawsuits which various associations and groups of record pirates have brought, individual pirates have been active in filing lawsuits to have both state and federal anti-piracy laws declared invalid. See *Tape Head Co. v. RCA Corp.*, 452 F.2d 816 (10th Cir. 1971), in which two tape pirates filed a class action on behalf of all tape pirates against four record companies to enjoin them from bringing any action in any state court to enjoin piracy; *Shaab v. Kleindienst*, United States District Court for the District of Columbia, Civil Action No. 11-72, 174 U.S.P.Q. 197, in which a record and tape pirate filed an action against the Attorney General of the United States and the Librarian of Congress to enjoin implementation and enforcement of Public Law No. 92-140; and *Superior Sound Tape Corp. v. Morton*, United States District Court for the District of Columbia, Civil Action No. 139-72, in which a record and tape pirate filed an action against the Attorneys General and District Attorneys of the states of Texas, California and New York to enjoin enforcement of those states' anti-piracy laws.

passage of the bill which became Public Law No. 92-140:

> "The record industry, taken as a whole is a highly competitive industry. There is ease of entry; there are a lot of small companies.
>
> "If someone can come in, and legally skim off the hits, who is going to suffer, the small company or the large company? And if it is the small company that suffers from the lack of Federal legislation, then it would seem to me that the effect of the bill would be to promote competition rather than monopoly." *Hearings on S. 646 and H.R. 6927 Before Subcomm. No. 3 of the House Comm. on the Judiciary*, 92d Cong., 1st Sess. 20 (1971).

That the prohibition of piracy does not encourage monopoly or restrict competition was recognized by the Senate Judiciary Committee in rejecting the arguments of the pirates who have filed an amicus brief that phonograph records should be subject to compulsory license provisions (similar to those of Section 1(e) of the Copyright Act with respect to the mechanical reproduction of musical compositions):

> "The committee sees no valid parallel. By the mechanical royalty the record company in effect receives the right to make use of raw material—in this instance a copyrighted song. The record label, the performing artist, musicians, and arrangers develop this song into the finished product—the recorded song. The committee sees no justification for the granting of a compulsory license to copy the finished product, which has been developed and promoted through the efforts of the record company and the artists. Any un-

> authorized manufacturer who wishes to produce a record containing the same songs may do so by paying the mechanical royalty and making the same investment in production and talent as is being done by the authorized record companies." S. Rep. No. 92-72, 92d Cong., 1st Sess. 6 (1971).

The damaging effects of piracy on consumers and on free competition were recognized by the court in *Shaab v. Kleindienst,* 174 U.S.P.Q. 197, 198 (D.D.C. 1972) in rejecting the pirate's argument that the failure to include a "compulsory licensing" provision in Public Law No. 92-140 was "an invidious discrimination" against pirates:

> "Consumer choices would not be broadened since identical interpretations would be supplied first by the originator and later by the licensee. Equally important, competition and the creative aspects of the industry would be impaired since established recording firms would be discouraged from investing in new arrangements and performers, if they were compelled to license their successful interpretations to those desiring to take advantage of the originator's initiative and to add nothing themselves."

Piracy is a problem of international proportions. Every country in the world with an advanced music culture and a developed legal system affords some method of protection against duplication of the existing body of sound recordings. See generally: Ringer, *The Unauthorized Duplication of Sound Recordings at* 38-44; the summaries contained in *Copyright Laws and*

Treaties of the World, published jointly by the United Nations Educational, Scientific and Cultural Organization and The Bureau of National Affairs, Inc. (1972), and in Bogsch, *The Law of Copyright Under the Universal Convention* (1968); Copinger and Skone James, *Copyright* 272-93 (9th ed. 1958). In October, 1971 there was an international diplomatic conference which drafted a new international convention for the protection of producers of records (referred to in the draft treaty as "phonograms") against unauthorized duplication. See Kaminstein, "Convention For The Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms", 19 *Bull. Copy. Soc'y.* 175 (1972).

Petitioners' arguments that if Section 653h is valid owners of recorded performances will have a "perpetual monopoly" in their performances is patently specious in any sense other than that in which the owner of any object, such as an automobile or a piece of jewelry, has a "perpetual monopoly" in that object. The common law protection which has long been recognized for "unpublished" works is by its nature for an unlimited time; the existence of such protection under state law does not in any way conflict with the constitutional limitation on *federal* copyright protection which must be for "limited times". See Kalodner and Vance, Jr., *The Relation Between Federal and State Protection of Literary and Artistic Property*, 72 Harv. L. Rev. 1079, 1085 (1959) and Comment, *Performers' Rights and Copyright: The Protection of Sound Re-*

cordings From Modern Pirates, 59 Calif. L. Rev. 548, 563-64 (1971).

Petitioners conclude their brief by suggesting that perhaps there should be no protection at all for sound recordings, citing Breyer, *The Uneasy Case For Copyright: A Study of Copyright in Books, Photocopies and Computer Programs,* 84 Harv. L. Rev. 281 (1970). Professor Breyer's arguments are not new. Professor Chafee refuted similar arguments by remarking that they seemed to him "based on a dislike of the whole system of private property. If you really want to abolish all ownership, well and good, but why single out two types [patent and copyright] for special destruction?" Chafee, *Reflections on the Law of Copyright,* 45 Colum. L. Rev. 503, 510 (1945). Breyer's article has been directly refuted in Tyerman, *The Economic Rationale For Copyright Protection For Published Books: A Reply to Professor Breyer,* 18 U.C.L.A. L. Rev. 1100 (1971).

The House Judiciary Committee has stated that "[t]he dual purposes of copyright protection, to stimulate authors to create and to reward them for their efforts, are of fundamental importance . . . ." H.R. Rep. No. 2237, 89th Cong., 2d Sess. 32 (1966). Congress in enacting Public Law No. 92-140 has expressed its intention and will that those whose genius and capital created the existing catalogue of sound recordings should reap their just rewards from the exploitation of this body of artistic achievement. This Court and the lower federal courts have always held that if at all possible, statutes should be read in such a way as to avoid forfeitures. *Washingtonian Publishing Co. v. Pearson,* 306 U.S. 30, 42 (1939); *Hirshon v. United Artists Corp.,* 243 F.2d 640, 644 n. 8 (D.C.

Cir. 1957); *Warner v. United States,* 301 F.2d 327, 329 (Ct. Cl. 1962); and this Court has recently recognized that the right to enjoy property is one of the essential civil rights and liberties guaranteed by the Constitution, *Lynch v. Household Finance Corp.,* .... U.S. ...., 31 L. Ed. 2d 424, 430-31 (1972). Petitioners want this Court to disregard all these principles and, without serving any public purpose, to disregard the intention and will of Congress, to defeat the purpose of the Copyright Act, and to forfeit long-existing and established property rights.

Conclusion.

The Chief Justice has accurately written that the unauthorized duplication of phonograph records "has been described as 'piracy', but . . . might better be described by other terms connoting larceny . . . ." *Shapiro, Bernstein & Co. v. Remington Records, Inc.,* 265 F.2d 263, 269 (2d Cir. 1959). Section 653h of the California Penal Code is an appropriate state regulation of such larceny which in no way conflicts with federal policy or federal law. Respondent respectfully urges that the judgment below upholding that section is correct and should be affirmed.

Respectfully submitted,

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EXHIBIT "1."

17 U.S.C. Section 2 (1970).

§ 2. *Rights of author or proprietor of unpublished work*

Nothing in this title shall be construed to annul or limit the right of the author or proprietor of an unpublished work, at common law or in equity, to prevent the copying, publication, or use of such unpublished work without his consent, and to obtain damages therefor. July 30, 1947, c. 391, § 1, 61 Stat. 652.

EXHIBIT "2."

Cal. Stats. 1968, Ch. 585, Sections 1 and 2.

CHAPTER 585

An act to add Section 653h to the Penal Code, relating to sound recordings.

[Approved by Governor July 16, 1968. Filed with Secretary of State July 16, 1968.]

The people of the State of California do enact as follows:

Section 1. Section 653h is added to the Penal Code, to read:

653h. (a) Every person is guilty of a misdemeanor who:

(1) Knowingly and willfully transfers or causes to be transferred any sounds recorded on a phonograph record, disc, wire, tape, film or other article on which sounds are recorded, with intent to sell or cause to be sold, or to use or cause to be used for profit through public performance, such article on which such sounds are so transferred, without the consent of the owner.

(2) Sells any such article with the knowledge that the sounds thereon have been so transferred without the consent of the owner.

(b) As used in this section, "person" means any individual, partnership, corporation or association; and "owner" means the person who owns the master phonograph record, master disc, master tape, master film or other device used for reproducing recorded sounds on phonograph records, discs, tapes, films or other articles on which sound is recorded, and from which the transferred recorded sounds are directly or indirectly derived.

(c) This section shall neither enlarge nor diminish the right of parties in private litigation.

(d) This section does not apply to any person engaged in radio or television broadcasting who transfers, or causes to be transferred, any such sounds (other than from the sound track of a motion picture) intended for, or in connection with, broadcast transmission or related uses, or for archival purposes.

Sec. 2. If any provision of this act or the application thereof to any person or circumstances is held invalid as being unconstitutional or preempted by federal law, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

Public Law 92-140
92nd Congress, S. 646
October 15, 1971

An Act

To amend title 17 of the United States Code to provide for the creation of a limited copyright in sound recordings for the purpose of protecting against unauthorized duplication and piracy of sound recording, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title 17 of the United States Code is amended in the following respects:

Sound recordings. Copyright. Limitations. 61 Stat. 652; 66 Stat. 752.

(a) In section 1, title 17, of the United States Code, add a subsection (f) to read:

"To reproduce and distribute to the public by sale or other transfer of ownership, or by rental, lease, or lending, reproductions of the copyrighted work if it be a sound recording: *Provided*, That the exclusive right of the owner of a copyright in a sound recording to reproduce it is limited to the right to duplicate the sound recording in a tangible form that directly or indirectly recaptures the actual sounds fixed in the recording: *Provided further*. That this right does not extend to the making or duplication of another sound recording that is an independent fixation of other sounds, even though such sounds imitate or simulate those in the copyrighted sound recording; or to reproductions made by transmitting organizations exclusively for their own use."

(b) In section 5, title 17, of the United States Code, add a subsection (n) to read:

"Sound recordings."

Copyright notice, form. 68 Stat. 1032.

(c) In section 19, title 17, of the United States Code, add the following at the end of the section: "In the case of reproductions of works specified in subsection (n) of section 5 of this title, the notice shall consist of the symbol Ⓟ (the letter P in a circle), the year of first publication of the sound recording, and the name of the owner of copyright in the sound recording, or an abbreviation by which the name can be recognized, or a generally known alternative designation of the owner: *Provided*, That if the producer of the sound recording is named on the labels or containers of the reproduction, and if no other name appears in conjunction with the notice, his name shall be considered a part of the notice."

Notice, location.

(d) In section 20, title 17, of the United States Code, amend the first sentence to read: "The notice of copyright shall be applied, in the case of a book or other printed publication, upon its title page or the page immediately following, or if a periodical either upon the title page or upon the first page of text of each separate number or under the title heading, or if a musical work either upon its title page or the first page of music, or if a sound recording on the surface of reproductions thereof or on the label or container in such manner and location as to give reasonable notice of the claim of copyright."

Definitions.

(e) In section 26, title 17, of the United States Code, add the following at the end of the section: "For the purposes of this section and sections 10, 11, 13, 14, 21, 101, 106, 109, 209, 215, but not for any other purpose, a reproduction of a work described in subsection 5(n) shall be considered to be a copy thereof. 'Sound recordings' are works that result from the fixation of a series of musical, spoken, or other sounds, but not including the sounds accompanying a motion picture. 'Reproductions of sound recordings' are material objects in which sounds other than those accompanying a motion picture are fixed by any method now known or later developed, and from which the sounds can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device, and include the 'parts

Supra.

of instruments serving to reproduce mechanically the musical work', 'mechanical reproductions', and 'interchangeable parts, such as discs or tapes for use in mechanical music-producing machines' referred to in sections 1(e) and 101(e) of this title."

61 Stat. 652. 17 USC 1.

SEC. 2. That title 17 of the United States Code is further amended in the following respect:

In section 101, title 17 of the United States Code, delete subsection (e) in its entirety and substitute the following:

Infra. Copyrighted music, unauthorized use. 61 Stat. 661.

"(e) INTERCHANGEABLE PARTS FOR USE IN MECHANICAL MUSIC-PRODUCING MACHINES.—Interchangeable parts, such as discs or tapes for use in mechanical music-producing machines adapted to reproduce copyrighted musical works, shall be considered copies of the copyrighted musical works which they serve to reproduce mechanically for the purposes of this section 101 and sections 106 and 109 of this title, and the unauthorized manufacture, use, or sale of such interchangeable parts shall constitute an infringement of the copyrighted work rendering the infringer liable in accordance with all provisions of this title dealing with infringements of copyright and, in a case of willful infringement for profit, to criminal prosecution pursuant to section 104 of this title. Whenever any person, in the absence of a license agreement, intends to use a copyrighted musical composition upon the parts of instruments serving to reproduce mechanically the musical work, relying upon the compulsory license provision of this title, he shall serve notice of such intention, by registered mail, upon the copyright proprietor at his last address disclosed by the records of the copyright office, sending to the copyright office a duplicate of such notice."

Notice.

Effective dates.

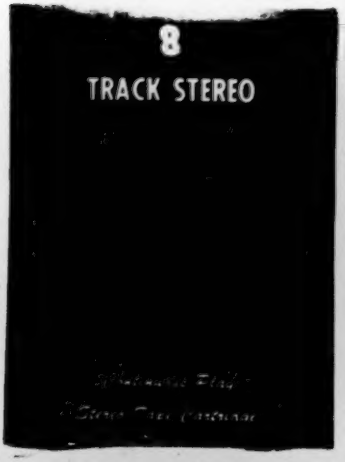
SEC. 3. This Act shall take effect four months after its enactment except that section 2 of this Act shall take effect immediately upon its enactment. The provisions of title 17, United States Code, as amended by section 1 of this Act, shall apply only to sound recordings fixed, published, and copyrighted on and after the effective date of this Act and before January 1, 1975, and nothing in title 17, United States Code, as amended by section 1 of this Act, shall be applied retroactively or be construed as affecting in any way any rights with respect to sound recordings fixed before the effective date of this Act.

Approved October 15, 1971.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 92-487 (Comm. on the Judiciary).
SENATE REPORT No. 92-72 (Comm. on the Judiciary).
CONGRESSIONAL RECORD, Vol. 117 (1971):
Apr. 29, considered and passed Senate.
Oct. 4, considered and passed House, amended.
Oct. 6, Senate agreed to House amendments.

GPO 85-139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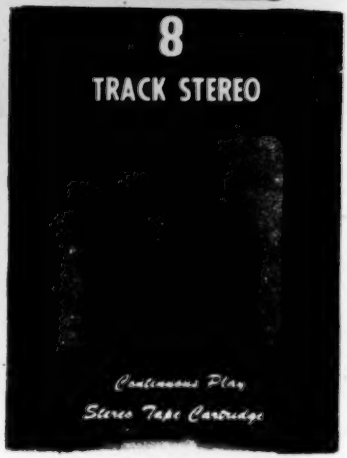
TRACK STEREO

8
TRACK STEREO

Music
For You

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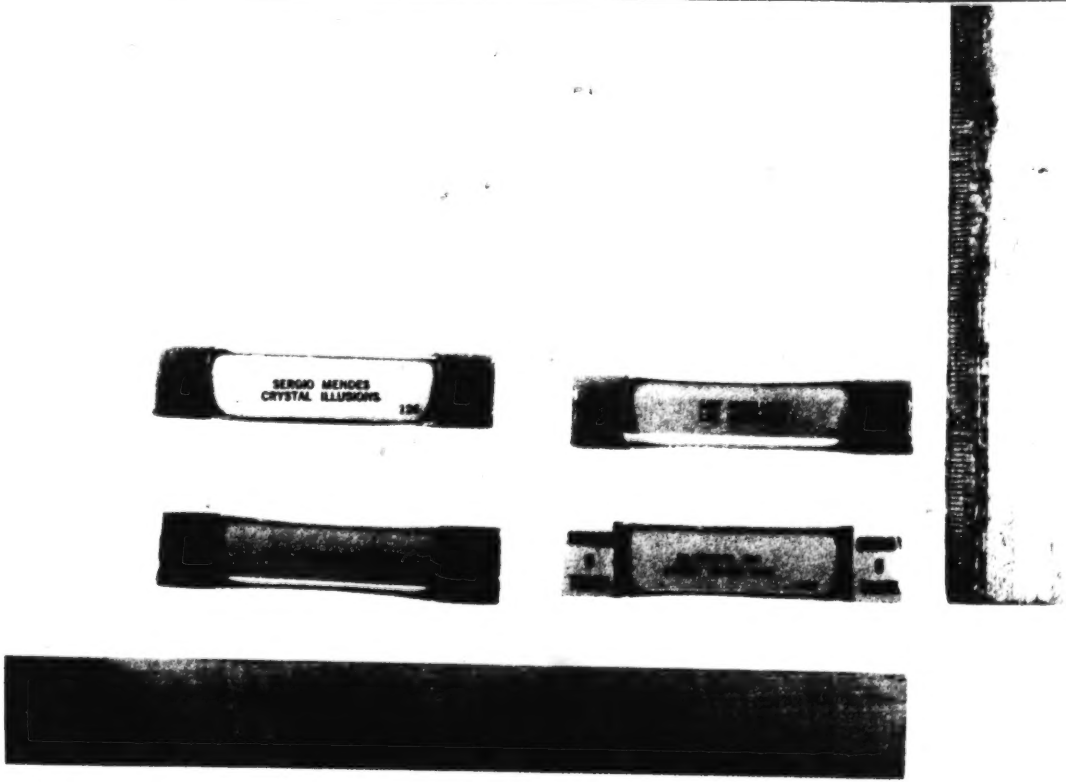
TRACK STEREO
Continuous Play
Stereo Tape Cartridge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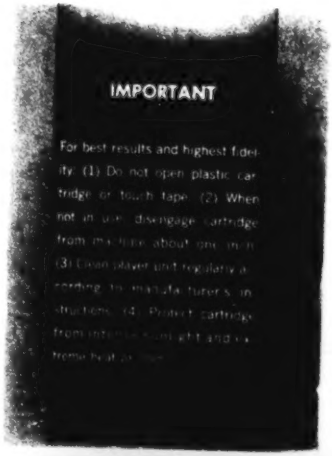
CRYSTAL ILLUSIONS


IMPORTANT
For best results and highest fidelity (1) Do not open plastic cartridge or touch tape. (2) When not in use, disengage cartridge from machine about one inch. (3) Clean player unit regularly according to manufacturer's instructions. (4) Protect cartridge from intense light and extreme heat or cold.

IMPORTANT

IMPORTANT

IMPORTANT

Falcon